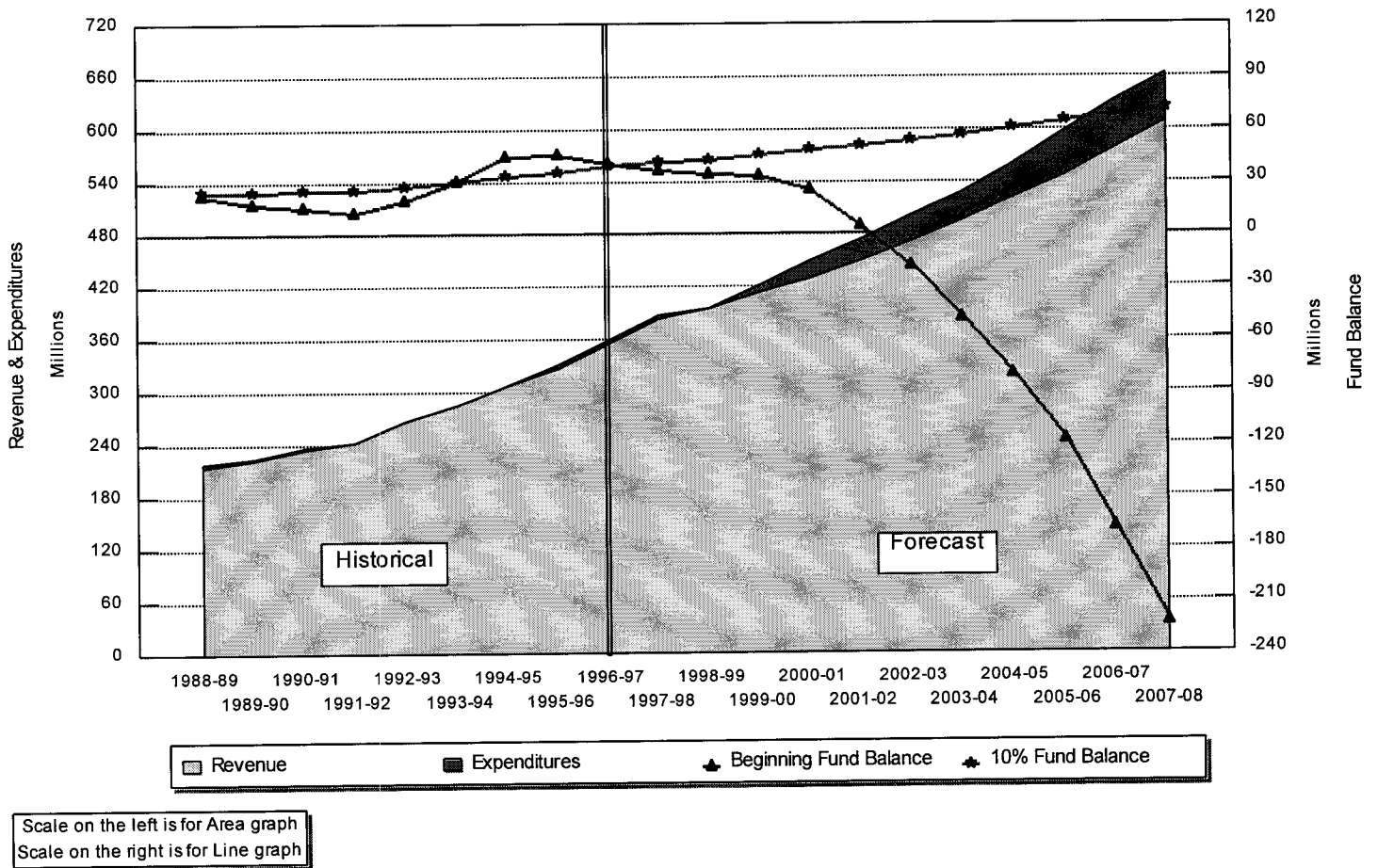


ATTACHMENT

City of Mesa Financial Forecast Ten Year Forecast 1998-99 to 2007-08

Maintenance of Effort with No Revenue Increases



Assumptions in the Forecast:

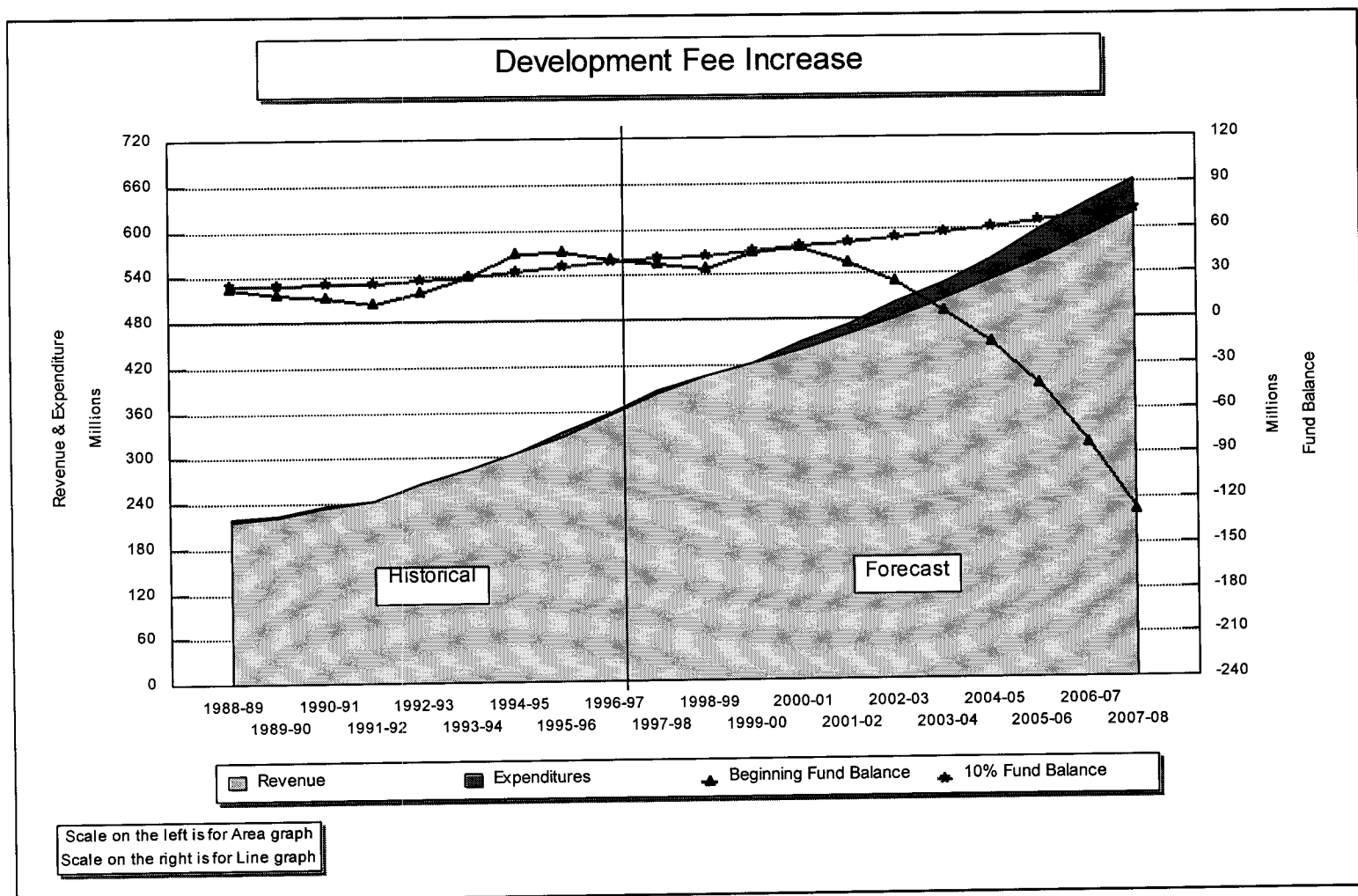
1. Operating costs for major capital expansion projects are identified as they are projected to be completed in the Five Year CIP.

CAP Water Plant Expansion: 2005-06 \$4,410,000
 Val Vista Water Treatment Expansion: 1999-00 \$720,000
 Northwest WRP Expansion: 2000-01 \$4,220,000
 South WRP Phase I (shared with Gilbert): 1999-00 \$200,000
 Southeast WRP Expansion to 8 MG: 1999-00
 Red Mountain Multi-Generational Center: 1998-99 \$833,600

2. Sales Tax annual growth rate is projected at 6.8%.
3. Federal Revenues are projected to grow at a modest rate of 2% anticipating that new demonstration grants and the maintenance of effort for block grants by the Federal Government.
4. State Grant Revenues are projected to grow at a modest rate of 1.2% anticipating that new demonstration grants will come available.
5. Utility Revenues are calculated for 1998-99 on a weighted average basis to recognize the volatility based on climatic conditions. Each year after that is calculated by projected growth in the customer base.
6. Annual growth in new positions not identified in #1 are projected at 30.0 FTE to maintain current levels of service.
7. Annual Personnel service costs are adjusted 2.5%
8. Other Service costs and Commodities are projected to increase at a rate of 7% annually which reflects an average of the last three years actual expenses.
9. Capital is projected at 7.5% of the total expenditures projected each year. The last nine years actual expenditures in Capital have been 7.3% of the total expenditures.
- 10. This forecast assumes no revenue adjustments during the forecast period.**

Maintenance of Effort with No Revenue Increases				
	Revenue	Expenditures	Beginning Fund Balance	10% Fund Balance
1988-89	\$215,317,886	\$219,335,580	\$23,365,305	\$24,800,000
1989-90	\$221,919,787	\$224,093,807	\$18,482,094	\$24,925,000
1990-91	\$233,982,761	\$237,218,446	\$16,308,074	\$25,856,070
1991-92	\$242,021,693	\$235,126,274	\$13,072,389	\$25,846,600
1992-93	\$266,193,099	\$255,444,860	\$19,967,808	\$28,335,000
1993-94	\$284,420,581	\$270,216,962	\$30,716,047	\$30,504,200
1994-95	\$305,740,052	\$305,035,099	\$44,919,666	\$34,030,700
1995-96	\$326,669,444	\$331,283,266	\$45,624,619	\$36,437,800
1996-97	\$354,333,795	\$358,073,421	\$41,010,797	\$39,521,800
1997-98	\$383,161,200	\$385,800,800	\$37,271,171	\$42,317,600
1998-99	\$394,337,800	\$394,852,800	\$34,634,300	\$42,906,220
1999-00	\$411,519,700	\$419,974,000	\$34,119,300	\$45,699,020
2000-01	\$428,697,900	\$448,946,100	\$25,665,000	\$48,851,590
2001-02	\$449,010,500	\$472,032,000	\$5,416,800	\$51,363,660
2002-03	\$470,842,100	\$500,973,100	(\$17,604,700)	\$54,512,850
2003-04	\$494,348,100	\$525,894,300	(\$47,735,700)	\$57,224,620
2004-05	\$519,697,700	\$558,017,000	(\$79,281,900)	\$60,720,020
2005-06	\$546,021,900	\$595,921,100	(\$117,601,200)	\$64,844,520
2006-07	\$575,709,300	\$630,156,400	(\$167,500,400)	\$68,569,790
2007-08	\$607,958,100	\$662,525,000	(\$221,947,500)	\$72,091,950

City of Mesa Financial Forecast Ten Year Forecast 1998-99 to 2007-08



Assumptions in the Forecast:

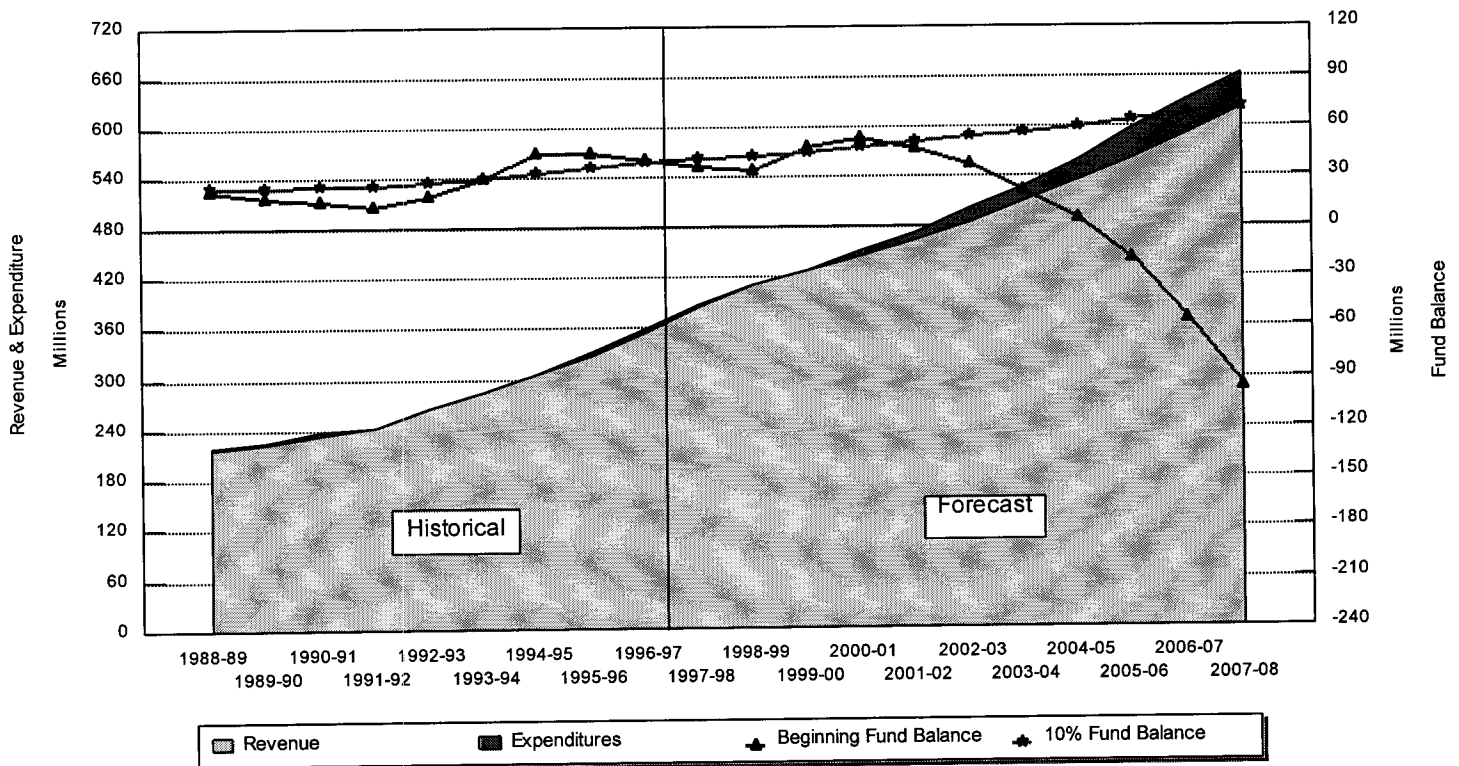
- Operating costs for major capital expansion projects are identified as they are projected to be completed in the Five Year CIP.
 - CAP Water Plant Expansion: 2005-06 \$4,410,000
 - Val Vista Water Treatment Expansion: 1999-00 \$720,000
 - Northwest WRP Expansion: 2000-01 \$4,220,000
 - South WRP Phase I (shared with Gilbert): 1999-00 \$200,000
 - Southeast WRP Expansion to 8 MG: 1999-00
 - Red Mountain Multi-Generational Center: 1998-99 \$833,600
- Sales Tax annual growth rate is projected at 6.8%.

3. Federal Revenues are projected to grow at a modest rate of 2% anticipating that new demonstration grants and the maintenance of effort for block grants by the Federal Government.
4. State Grant Revenues are projected to grow at a modest rate of 1.2% anticipating that new demonstration grants will come available.
5. Utility Revenues are calculated for 1998-99 on a weighted average basis to recognize the volatility based on climatic conditions. Each year after that is calculated by projected growth in the customer base.
6. Annual growth in new positions not identified in #1 are projected at 30.0 FTE to maintain current levels of service.
7. Annual Personnel service costs are adjusted 2.5%
8. Other Service costs and Commodities are projected to increase at a rate of 7% annually which reflects an average of the last three years actual expenses.
9. Capital is projected at 7.5% of the total expenditures projected each year. The last nine years actual expenditures in Capital have been 7.3% of the total expenditures.
10. **This forecast assumes that Development Fees will be approved based on the consultants recommendations.**

Development Fee Increase Data				
	Revenue	Expenditures	Beginning Fund Balance	10% Fund Balance
1988-89	\$215,317,886	\$219,335,580	\$23,365,305	\$24,800,000
1989-90	\$221,919,787	\$224,093,807	\$18,482,094	\$24,925,000
1990-91	\$233,982,761	\$237,218,446	\$16,308,074	\$25,856,070
1991-92	\$242,021,693	\$235,126,274	\$13,072,389	\$25,846,600
1992-93	\$266,193,099	\$255,444,860	\$19,967,808	\$28,335,000
1993-94	\$284,420,581	\$270,216,962	\$30,716,047	\$30,504,200
1994-95	\$305,740,052	\$305,035,099	\$44,919,666	\$34,030,700
1995-96	\$326,669,444	\$331,283,266	\$45,624,619	\$36,437,800
1996-97	\$354,333,795	\$358,073,421	\$41,010,797	\$39,521,800
1997-98	\$383,161,200	\$385,800,800	\$37,271,171	\$42,317,600
1998-99	\$405,551,100	\$394,852,800	\$34,634,300	\$42,906,220
1999-00	\$422,733,000	\$419,974,000	\$45,332,600	\$45,699,020
2000-01	\$438,971,200	\$448,946,100	\$48,091,600	\$48,851,590
2001-02	\$459,283,800	\$472,032,000	\$38,116,700	\$51,363,660
2002-03	\$481,115,400	\$500,973,100	\$25,368,500	\$54,512,850
2003-04	\$504,621,400	\$525,894,300	\$5,510,800	\$57,224,620
2004-05	\$529,971,000	\$558,017,000	(\$15,762,100)	\$60,720,020
2005-06	\$556,175,400	\$595,921,100	(\$43,808,100)	\$64,844,520
2006-07	\$585,862,800	\$630,156,400	(\$83,553,800)	\$68,569,790
2007-08	\$618,111,600	\$662,525,000	(\$127,847,400)	\$72,091,950

City of Mesa Financial Forecast Ten Year Forecast 1998-99 to 2007-08

Dev. Fee Increase, 3% Util. Rate Inc. W,WW,SW



Scale on the left is for Area graph
 Scale on the right is for Line graph

Assumptions in the Forecast:

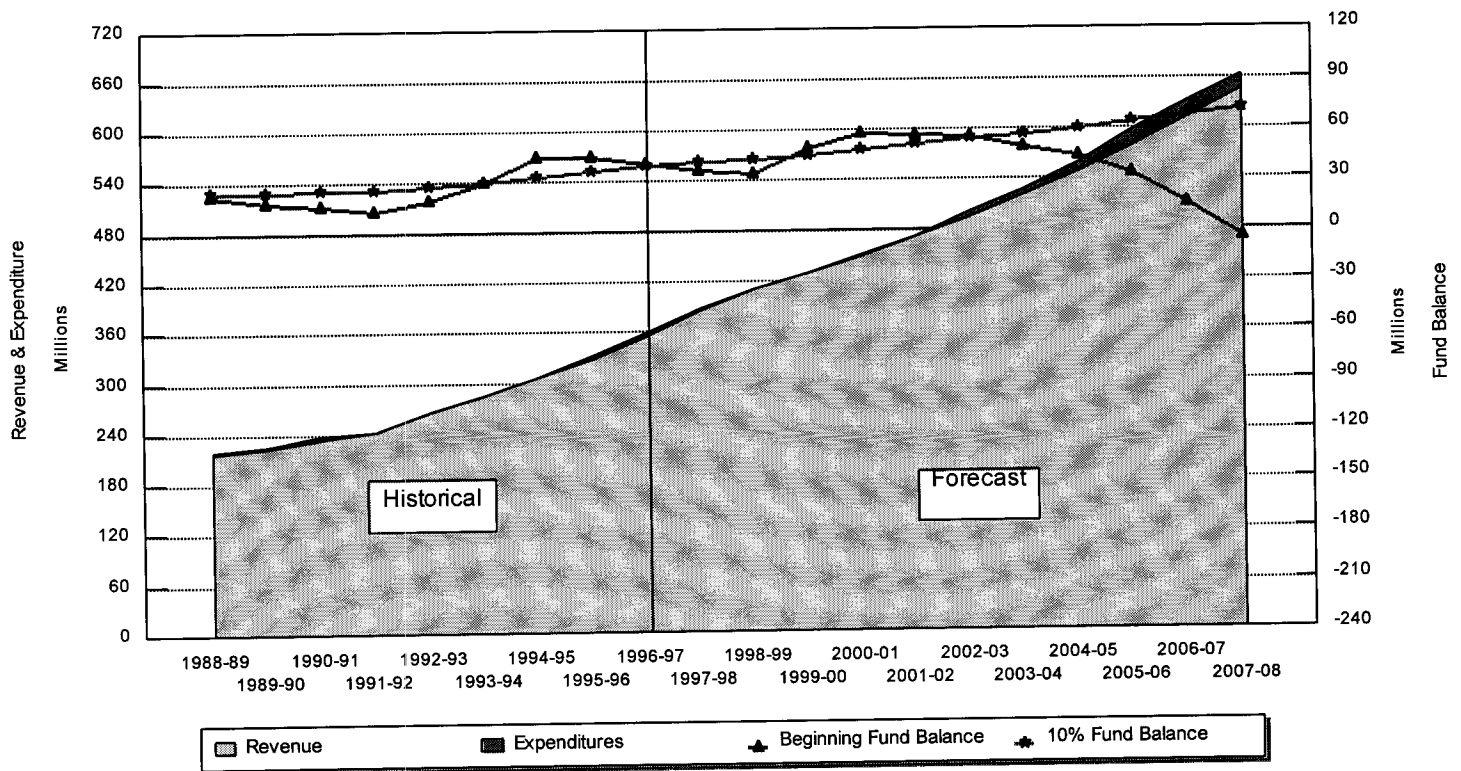
- Operating costs for major capital expansion projects are identified as they are projected to be completed in the Five Year CIP.
 - CAP Water Plant Expansion: 2005-06 \$4,410,000
 - Val Vista Water Treatment Expansion: 1999-00 \$720,000
 - Northwest WRP Expansion: 2000-01 \$4,220,000
 - South WRP Phase I (shared with Gilbert): 1999-00 \$200,000
 - Southeast WRP Expansion to 8 MG: 1999-00
 - Red Mountain Multi-Generational Center: 1998-99 \$833,600
- Sales Tax annual growth rate is projected at 6.8%.

3. Federal Revenues are projected to grow at a modest rate of 2% anticipating that new demonstration grants and the maintenance of effort for block grants by the Federal Government.
4. State Grant Revenues are projected to grow at a modest rate of 1.2% anticipating that new demonstration grants will come available.
5. Utility Revenues are calculated for 1998-99 on a weighted average basis to recognize the volatility based on climatic conditions. Each year after that is calculated by projected growth in the customer base.
6. Annual growth in new positions not identified in #1 are projected at 30.0 FTE to maintain current levels of service.
7. Annual Personnel service costs are adjusted 2.5%
8. Other Service costs and Commodities are projected to increase at a rate of 7% annually which reflects an average of the last three years actual expenses.
9. Capital is projected at 7.5% of the total expenditures projected each year. The last nine years actual expenditures in Capital have been 7.3% of the total expenditures.
10. **This forecast assumes that Development Fees will be approved based on the consultants recommendations, Utility rates for Water, Wastewater and Solid Waste will be increased 3% each year during the forecast period.**

	Revenue	Expenditures	Beginning Fund Balance	10% Fund Balance
1988-89	\$215,317,886	\$219,335,580	\$23,365,305	\$24,800,000
1989-90	\$221,919,787	\$224,093,807	\$18,482,094	\$24,925,000
1990-91	\$233,982,761	\$237,218,446	\$16,308,074	\$25,856,070
1991-92	\$242,021,693	\$235,126,274	\$13,072,389	\$25,846,600
1992-93	\$266,193,099	\$255,444,860	\$19,967,808	\$28,335,000
1993-94	\$284,420,581	\$270,216,962	\$30,716,047	\$30,504,200
1994-95	\$305,740,052	\$305,035,099	\$44,919,666	\$34,030,700
1995-96	\$326,669,444	\$331,283,266	\$45,624,619	\$36,437,800
1996-97	\$354,333,795	\$358,073,421	\$41,010,797	\$39,521,800
1997-98	\$383,161,200	\$385,800,800	\$37,271,171	\$42,317,600
1998-99	\$408,561,700	\$394,852,800	\$34,634,300	\$42,906,220
1999-00	\$425,939,000	\$419,974,000	\$48,343,200	\$45,699,020
2000-01	\$442,292,200	\$448,946,100	\$54,308,200	\$48,851,590
2001-02	\$462,721,800	\$472,032,000	\$47,654,300	\$51,363,660
2002-03	\$484,676,400	\$500,973,100	\$38,344,100	\$54,512,850
2003-04	\$508,307,400	\$525,894,300	\$22,047,400	\$57,224,620
2004-05	\$533,789,000	\$558,017,000	\$4,460,500	\$60,720,020
2005-06	\$560,130,400	\$595,921,100	(\$19,767,500)	\$64,844,520
2006-07	\$589,960,800	\$630,156,400	(\$55,558,200)	\$68,569,790
2007-08	\$622,357,600	\$662,525,000	(\$95,753,800)	\$72,091,950

City of Mesa Financial Forecast Ten Year Forecast 1998-99 to 2007-08

Dev. Fee Increase, 3% Util. Rate Inc. W,WW,SW, Higher Enterp. Rev.



Scale on the left is for Area graph
Scale on the right is for Line graph

Assumptions in the Forecast:

- Operating costs for major capital expansion projects are identified as they are projected to be completed in the Five Year CIP.
 - CAP Water Plant Expansion: 2005-06 \$4,410,000
 - Val Vista Water Treatment Expansion: 1999-00 \$720,000
 - Northwest WRP Expansion: 2000-01 \$4,220,000
 - South WRP Phase I (shared with Gilbert): 1999-00 \$200,000
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 - Red Mountain Multi-Generational Center: 1998-99 \$833,600
- Sales Tax annual growth rate is projected at 6.8%.

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4. State Grant Revenues are projected to grow at a modest rate of 1.2% anticipating that new demonstration grants will come available.
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9. Capital is projected at 7.5% of the total expenditures projected each year. The last nine years actual expenditures in Capital have been 7.3% of the total expenditures.
10. **This forecast assumes that Development Fees will be approved based on the consultants recommendations, Utility rates for Water, Wastewater and Solid Waste will be increased 3% each year during the forecast period, and Enterprise Fund revenues will come in stronger than the weighted average approach, by approximately 0.9% each year.**

Dev. Fee Increase, 3% Util. Rate Inc. W,WW,SW, Higher Enterp. Rev.				
	Revenue	Expenditures	Beginning Fund Balance	10% Fund Balance
1988-89	\$215,317,886	\$219,335,580	\$23,365,305	\$24,800,000
1989-90	\$221,919,787	\$224,093,807	\$18,482,094	\$24,925,000
1990-91	\$233,982,761	\$237,218,446	\$16,308,074	\$25,856,070
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1992-93	\$266,193,099	\$255,444,860	\$19,967,808	\$28,335,000
1993-94	\$284,420,581	\$270,216,962	\$30,716,047	\$30,504,200
1994-95	\$305,740,052	\$305,035,099	\$44,919,666	\$34,030,700
1995-96	\$326,669,444	\$331,283,266	\$45,624,619	\$36,437,800
1996-97	\$354,333,795	\$358,073,421	\$41,010,797	\$39,521,800
1997-98	\$383,161,200	\$385,800,800	\$37,271,171	\$42,317,600
1998-99	\$409,666,700	\$394,852,800	\$34,634,300	\$42,906,220
1999-00	\$428,822,000	\$419,974,000	\$49,448,200	\$45,699,020
2000-01	\$448,141,200	\$448,946,100	\$58,296,200	\$48,851,590
2001-02	\$470,518,800	\$472,032,000	\$57,491,300	\$51,363,660
2002-03	\$494,509,400	\$500,973,100	\$55,978,100	\$54,512,850
2003-04	\$520,268,400	\$525,894,300	\$49,514,400	\$57,224,620
2004-05	\$547,973,000	\$558,017,000	\$43,888,500	\$60,720,020
2005-06	\$577,752,400	\$595,921,100	\$33,844,500	\$64,844,520
2006-07	\$610,006,800	\$630,156,400	\$15,675,800	\$68,569,790
2007-08	\$644,933,600	\$662,525,000	(\$4,473,800)	\$72,091,950